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State Employee Health Insurance Working Group

Releases Report

OKLAHOMA CITY (Dec. 15, 2009) –The Oklahoma State Employee Health Insurance Review Working Group released a study today aimed at reducing health insurance costs.

The report, prepared for the working group by Milliman, Inc., was requested to examine the functions of the Employees Benefit Council (EBC) and the Oklahoma State Education and Employees Group Insurance Board (OSEEGIB) and to determine if a duplication of efforts existed between the two agencies.

“In this budget environment, it is more important than ever that we eliminate duplicative efforts to ensure our tax dollars are used as efficiently as possible,” said House Speaker Chris Benge, R-Tulsa. “The recommendations in this report would go a long way toward lowering costs to the state while maintaining, or in some cases improving, health care services to our state employees.”

The study examined current practices and made recommendations for the most cost-efficient and cost-effective way to leverage state dollars to ensure the highest level of health care for state and education employees at a competitive price.

“I have been long advocating that we examine each and every state agency in state government to bring greater efficiencies for the taxpayers, and this exercise has been a good example of that,” said Senate President Pro Tem Glenn Coffee, R-Oklahoma City. “I am hopeful this will allow us to use our purchasing power as a state to reduce or better manage costs for those state employees who are struggling with health care, and ultimately deliver a better deal for the taxpayers.”

The recommendations include integrating the two agencies to allow them to better focus on the health and wellness of state employees.

“This report represents an independent third party analysis of how benefit plans are designed and administered in our state,” said Insurance Commissioner Kim Holland. “The recommendations offered will save taxpayer money, lower costs, and improve the health and health benefits of our state employees.”

The report concludes:

- The functions of OSEEGIB and EBC should be integrated to form a new organization focused not only on the payment of health and other insurance claims but also on the wellness of the covered individuals
- With the merged agencies, one oversight board should be created that would include members from backgrounds including medical and employee benefits, as well as those from legal and fiscal backgrounds
- Include a stronger wellness component, not only within HealthChoice consumers, but those with HMO plans as well
- The state employee benefit allowance is artificially inflated because the more expensive HMO plans—which few state employees utilize—drive up the benefit allowance as a result of the averaging of all offered plans to calculate the benefit amount
- More choice is needed in rural areas of the state

“These recommendations would benefit state employees and Oklahoma taxpayers,” said Sen. Bill Brown, R-Broken Arrow, chair of the Senate Retirement and Insurance Committee and co-chair of the working group. “The end result will help us in our ongoing efforts to streamline government and lower costs while creating better health benefits for state workers.”

“There are duplicative efforts at both EBC and OSEEGIB confirmed in this report that could be streamlined for improved efficiency,” said Rep. Lewis Moore, R-Arcadia and co-chairman of the working group. “Increased competition and more exposure to the open market will work to bring down costs for the state and state employees alike.”

“This report gives us a blueprint for increasing competition, eliminating duplication in administration and improving efficiency,” said Cliff Aldridge, R-Midwest City, vice-chair of the Senate Retirement and Insurance Committee and also served on the working group writing the final recommendations. “These proposals represent a proactive approach in our efforts to maximize existing resources and enhance services to improve the health of state employees.”

“We have been given some excellent suggestions on legislative action in this report that will hopefully allow us to address rate increases, promote competition and a more open and transparent system,” said Rep. Jason Murphey, R-Guthrie and chairman of the House Government Modernization Committee and member of the working group. “This is just the

beginning as we work to bring additional savings opportunities to our state employee health insurance system.”

The full report is available within the ‘Information’ tab under ‘House Publications’ on the House web site, www.okhouse.gov and also under the ‘Spotlight’ section on the Senate web site, www.oksenate.gov.